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C O N F I D E N T I A L SECTION 01 OF 04 TAIPEI 000125

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SUBJECT: KMT CHAIRMAN MA YING-JEOU ON DOMESTIC POLITICS AND
BILATERAL ISSUES

Classified By: AIT Director Stephen M. Young,
Reasons: 1.4 (b/d)

¶1. (C) Summary: KMT Chairman Ma Ying-jeou told the Director on January 17 that his party and the ruling DPP are locked in a struggle in the Legislative Yuan (LY) over a KMT bill aimed at ending DPP control of the Central Election Commission (CEC). If the impasse, which also involves the annual budget, cannot be solved, the LY may have to convene a special session in the coming weeks. The Director stressed the importance of not allowing domestic politics to block the defense budget. Ma told the Director that the party's Central Standing Committee (CSC) was considering but had not yet made a decision on whether to select the KMT's presidential candidate in March-April. (Note: Later the same day, the CSC considered delaying the selection by one month. End Note.) Ma said the KMT does not support but may not be able to block the DPP's proposal to combine upcoming legislative and presidential elections in early 2008. The KMT believes such a format would increase vote buying (supposedly mainly by the DPP) to the party's detriment. Affirming that both the KMT and DPP view Taiwan as a "sovereign independent country," Ma's only distinction was that his party sees this entity as the Republic of China, while the DPP prefers Republic of Taiwan. Ma suggested that any possible future constitutional revisions should wait until the new LY, based on single member districts, takes office in 2008. The Director stressed the importance of avoiding any constitutional changes on sensitive sovereignty issues that would raise cross-Strait tensions. End Summary.

¶2. (C) The Director and Kuomintang (KMT) Chairman Ma Ying-jeou discussed domestic politics and bilateral relations during a meeting at KMT Headquarters on January 17. Ma appeared more relaxed and less pressed for time than he ever did during his mayoral days. After briefing Ma on his recent Washington consultations, the Director asked about Ma's expectations regarding domestic political developments in 2007, noting Ma's call for increased cooperation between the pan-Blue and pan-Green camps. Ma responded that the KMT and DPP have cooperated over the years in passing many bills in the LY without a vote. So, there is already an inter-party consultation mechanism in the LY. The KMT does not have this type of cooperation with the Chinese Communist Party (CCP), Ma added with some apparent understatement, referring to his recent public remarks that the gap between the KMT and DPP is

less than the gap between the KMT and CCP.

LY Gridlock over CEC and Annual Budget

13. (C) Currently, Ma said, there are just two days left before the current LY session ends on January 19, and many budget items still require attention. However, the KMT and DPP are currently in political gridlock over the organization of the Central Election Commission (CEC), an issue he had discussed that morning with LY Speaker Wang Jin-pyng. The ruling DPP now controls 15 of CEC 17 seats, which is very unfair, Ma argued. The LY is considering a KMT-proposed bill that would change the CEC composition to reflect the strength of political parties in the LY. Under this proposed bill, the pan-Blue would have a one-vote majority on the CEC, but DPP interests would be protected by a voting rule that decisions by the CEC would require a two-thirds majority. This would prevent domination by any single party. The DPP is strongly resisting and refusing to negotiate the CEC bill proposed by the KMT, Ma noted, adding that this has infuriated the KMT LY caucus, which has retaliated by boycotting the inter-party negotiations on the annual budget.

14. (C) The Director asked Ma whether the KMT would refuse to pass the budget if the DPP is not flexible on the KMT's proposed CEC changes. Ma responded that the decision on how to proceed would be made by the KMT LY caucus. One possibility, which the LY would have to approve, would be to hold a special LY session after the end of the extended regular session on January 19. An alternative would be to pass the budget but freeze parts of it, as happened one year ago. Such budget freezes are decided by the individual LY

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committees, such as defense. While the KMT can call a vote on the CEC bill, the DPP can demand separate votes on each article, which is a form of filibuster that can take many hours. Wang Jin-pyng, who wants to avoid this situation, hopes the KMT LY caucus will return to inter-party consultations on the budget today. Ma said he told Wang to press the DPP on the CEC issue and also that he has "authorized" the KMT caucus to seek the best (negotiated) solution of the issue. The tenure of the current CEC members expires in June, Ma noted. If the KMT does not resolve the CEC issue now, it will not have the budget issue to use as leverage during the spring LY session. (Note: The LY is legally required to pass the annual budget during the current fall LY session. End Note.)

Arms Procurement

15. (C) The Director noted that Washington is closely following the defense budget issue and that we care more about the budget than about Taiwan's politics. If the budget is passed, the Director explained, that will make it easier to take other steps to strengthen U.S.-Taiwan relations. However, if the issue is not resolved, that will create a perception that the politics of Taiwan is operating against its best interests. Ma said that the KMT's actions are not directed against the U.S. The KMT supports reasonable arms procurement and is ready to discuss all issues if the MND is prepared to do so. Ma explained that the reduction in funding for a submarine study reflected the fact that it was impossible to spend a large amount for a feasibility study before a decision had been made. Ma noted that the 2006 supplementary defense budget request has now been changed to 2007, and also said he was delighted that several recent groups of U.S. experts had not raised the arms procurement issue in their meetings with him.

Timelines for Nominating Presidential and LY Candidates

16. (C) The Director asked Ma about the controversy over plans for early selection of the KMT presidential candidate. Ma said the Central Standing Committee (CSC) would make a decision on this proposal, which had been drafted by KMT staff. Seventeen CSC members, who are also LY members, formally proposed the early timing in a CSC meeting two weeks ago. Therefore, Ma said, he was surprised when several KMT LY members turned around and criticized what had originally been their own idea. The practice of beginning presidential candidate registration on March 1 is not new, Ma pointed out.

In 2003 the party, then in opposition for the first time, began the registration process on March 1 to allow the nominee to have sufficient time to campaign for president. Following the presidential nomination, the KMT also has to nominate LY candidates, a complicated process because the LY is being cut in half and a new system of single member districts is being instituted. KMT LY members want to conduct the nomination process as early as possible to reduce the chances that some potential candidates will recruit new "dummy party members," to increase their primary votes. The complicated LY nomination process will take at least three months, Ma said. Districts will be divided into three categories depending on how difficult it is to select a candidate, and each category's nominees will be determined on a different date, ranging from April to June. (Note: According to media reports, the KMT CSC later on January 17 considered delaying selection of the party's presidential candidate by one month, i.e., into May. End Note.)

KMT Opposed to Proposal to Combine Elections

17. (C) The Director asked about proposals to combine the LY and presidential elections, now tentatively scheduled for December 2007 and March 2008. Ma responded that the DPP now supports holding the two elections together, probably on January 19, 2008. The CEC, which originally opposed this idea, has changed its position after President Chen and DPP Chairman Yu Shyi-kun have come out in support. Holding the two elections together would save some money but not much and

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there would be a four-month gap between the presidential election and the May 20 inauguration. The KMT is especially concerned, Ma said, that combining the elections would increase the problem of vote buying (supposedly mainly by the DPP) to the detriment of the KMT. Within the DPP, there is also some opposition to holding the elections together, Ma noted. However, election timing is within the CEC's authority to decide, Ma pointed out, adding that the CEC chairman is the government's "hired gun," and therefore, the decision is currently beyond the KMT's reach.

Beijing and International Space

18. (C) The Director noted that China has been working hard to block Taiwan internationally, for example, recently pressuring Mexico into denying overflight permission for President Chen's aircraft. In the future, Beijing will make it hard for any Taiwan leader to travel internationally, the Director suggested. Ma said Taiwan would have to negotiate with the PRC over this issue, an avenue he would pursue if in power. The DPP and KMT have much in common on the international space issue and the need for dignity, Ma acknowledged. Both agree that this is a "sovereign independent country," Ma stressed, though the KMT defines that entity as the Republic of China while the DPP, according to Ma, sees it as the Republic of Taiwan. (Note: The DPP government does not use the name "Republic of Taiwan." End Note.)

19. (C) One problem is that China's Foreign Ministry outweighs the Taiwan Affairs Office (TAO). This is why Honorary KMT Chairman Lien Chan has spent so much time in China to try to make Hu Jintao understand that the Taiwan

issue is explosive and that the question of international space is very important in Taiwan. Ma recalled that last year he had stated during his March visit to the U.S. that the Chinese Mainland would have to make a choice between the Republic of China or the Republic of Taiwan, a choice that Taiwan also needs to make. Beijing has to face up to the existence of the ROC, which has its own constitution, Ma added.

Constitutional Revision

¶10. (C) Ma argued that President Chen is trying to equate the ROC as Taiwan. However, he cannot refuse to recognize the constitution, which is difficult to change. By leaving alone the constitution's provisions on sovereignty to avoid suggestions that he is changing the status quo, President Chen is showing that he has a better understanding of the sensitivity of the issue. However, the PRC remains concerned about calls for a new constitution or a second republic. The Director stressed that the U.S. does not support changes on sensitive sovereignty issues that would increase cross-Straits tensions but does not oppose structural constitutional reforms to increase government effectiveness. While the U.S. greatly respects Taiwan's democracy, Taiwan is a special case. Adhering to the status quo maintains cross-Straits stability, and sensitive constitutional changes would be very dangerous, the Director added. He solicited Ma's views on the matter.

¶11. (C) Constitutional changes can be debated in the future, Ma said, but not now. Constitutional changes that were ratified three years ago to allow single member LY districts have not yet been realized. After the process is completed and the new LY comes into office in February 2008, then potentially it can decide to set up a constitutional reform committee. Some of the current constitutional reform proposals are very superficial, Ma observed. For example, proposals for a parliamentary system do not provide reasons for why that would be the best system. No system will work if the government does not respect majority rule, Ma argued. Taiwan's current constitutional system can work well if the government respects majority rule. For that reason, Ma said he had stated that he would probably work with the opposition to select the premier if it controls the LY and he is president. Even the DPP understands that the constitutional

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issue is not a priority this year, Ma suggested. Rather, the people of Taiwan are concerned about the economy and cross-Straits relations.

Comment

¶12. (C) Ma was noticeably more relaxed this time than in our previous meetings when he was juggling two difficult and full-time jobs: Taipei Mayor and KMT Chairman. However, Ma has a hard road ahead this year, as he will have to manage his own fractious party while at the same time addressing increasingly stiff challenges from the ruling DPP and its presidential candidate. This presidential election is expected to be a close and very toughly fought contest between the KMT and DPP.

YOUNG